Office-Supreme Court, U.S.
FILED
MAY 10 1985
ALEXANDER L. STEVAS,
CLERK

No. 84-1568

In the Supreme Court of the United States

OCTOBER TERM, 1984

QUAKER CITY GEAR WORKS, INC.
and KARLHEINZ ROTH,
Petitioners,

vs.

SKIL CORPORATION,
Respondent.

On Petition For A Writ Of Certiorari To The
United States Court of Appeals For the Federal Circuit

BRIEF FOR RESPONDENT IN OPPOSITION

CLARENCE J. FLEMING
ROBERT W. SLATER
McDougall, Hersh & Scott
135 South LaSalle Street
Chicago, Illinois 60603
(312) 346-0338

The Scheffer Press, Inc.—(312) 263-6850

BEST AVAILABLE COPY

QUESTIONS PRESENTED

Petitioners would have us believe this is a case in which the lower and appellate courts usurped the jury function by "reweighing" evidence and by substituting the courts' choice as to which party should prevail, all in disregard of Petitioners' Seventh Amendment rights to a jury trial. Petitioners further argue that there is a split among the circuits concerning the standard of appellate review of jury verdicts and that in "reweighing" the evidence, the Court of Appeals for the Federal Circuit applied the wrong standard.

Petitioners have misconstrued the opinion of the Federal Circuit and have erroneously equated the terms "review" with "reweigh". Further, there is no conflict among the lower courts as to the standards of review for a case like this one.

In truth, Petitioners are simply upset because the district court and the Federal Circuit declined to summarily "rubber stamp" the jury verdict — if indeed there was one in this case. Petitioners would have the lower courts abdicate their judicial responsibility of comprehensively reviewing the trial proceedings to assure that all parties, not just Petitioners, received a proper and fair jury trial.

A careful reading of the opinions below establishes that the district court and the Federal Circuit studiously avoided reweighing the evidence or determining witness credibility or substituting their own findings for those of the jury. In particular, the Federal Circuit applied a very limited standard of review, a standard highly deferential to the findings of a jury.

Petitioners have not raised a proper issue warranting this Court's attention and are not entitled to the requested relief in any event.

STATEMENT UNDER RULE 28.1

Respondent, Skil Corporation, is a wholly owned subsidiary of Emerson Electric, Inc., a Missouri corporation.

TABLE OF CONTENTS

	PAGE
Questions Presented	i
Statement Of The Case	1
A. The Parties	2
B. The Proceedings In The District Court	2
C. The Proceedings Before The Court Of Appeals	3
Argument	4
I. Reviewing Is Not Reweighing; An Appellate Tribunal Should Comprehensively Review The Entire Record To Assure That The Jury Has Engaged In Rational Decision Making And That The Jury Trial And Due Process Rights Of None Of The Parties Have Been Compromised	4
II. The Federal Circuit Eschewed Reweighing The Evidence; Substituting Its Choice For That Of The Jury; and Determining Credibility of Witnesses	6
III. The Evidence Considered By The Federal Circuit	8
IV. The Findings Of The Present Jury Are Entitled To Little Or No Weight	9
Conclusion	12

TABLE OF AUTHORITIES

CASES

PAGE

Connell v. Sears, Roebuck & Co., 722 F.2d 1542 (1983) 6

Continental v. Union Carbide, 370 U.S. 690 (1961) 7

Moore's Federal Practice 7, 8

Graham v. Deere, 383 U.S. 1 11

STATUTES

35 U.S.C. § 112 .....2, 3, 10, 12

35 U.S.C. § 103 11

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1984

No. 84-1568

QUAKER CITY GEAR WORKS, INC.
and KARLHEINZ ROTH,
Petitioners,

vs.

SKIL CORPORATION,
Respondent.

On Petition For A Writ Of Certiorari To The
United States Court of Appeals For the Federal Circuit

BRIEF FOR RESPONDENT IN OPPOSITION

STATEMENT OF THE CASE

Since Petitioners have not stated the case fully, we must begin with a supplemental statement of the case.

This is a suit brought by Petitioners Karlheinz Roth ("Roth") and Quaker City Gear Works, Inc. ("Quaker") against Respondent Skil Corporation ("Skil") for patent infringement. Following a jury trial, the trial court entered a judgment for Respondent on the ground that

the patent was invalid for failing to comply with the requirements of 35 U.S.C. § 112. On appeal, the Federal Circuit, while finding certain procedural irregularities by the trial court, affirmed its holding of invalidity under Section 112.

A. The Parties

Petitioner Roth, a citizen and resident of West Germany, is the patentee and licensor of the patent-in-suit. Petitioner Quaker, a manufacturer of gears, is the exclusive United States licensee of the Roth patent-in-suit. Respondent Skil is a manufacturer of a line of power tools and component parts, including gear systems, for use in its power tool products.

B. The Proceedings In The District Court

Petitioner Roth was called as an adverse witness by Respondent. Roth testified that the September, 1963 Draft of the German technical specification, DIN 58400, was necessary to the design of the gear wheel comprising the patented combination. (There are numerous references to this German language specification in Roth's United States patent; however, Petitioners were unable to locate or produce the German document.)

At the close of the testimony, the case was submitted to the jury on twenty-one special verdicts under Rule 49(a), Federal Rules of Civil Procedure.* The jury

---

* The present action was tried to a jury notwithstanding Respondent's frequently articulated concern that the complex nature of the subject matter, including a double algebraic and trigonometric inequality in the claims, would be beyond the comprehension of the jury.

could not agree on the answer to two of the special verdicts (Nos. 2 and 12) and failed to answer a third (No. 10), which is pivotal on the issue of obviousness. Judge Green indicated he was not entering a verdict and requested the parties to file suitable motions. Skil then filed its motion under Rule 50(b).

Judge Green wrote a Memorandum Opinion and entered judgment in favor of Respondent on the ground of patent invalidity. Specifically, Judge Green found that the draft German technical standard (DIN 58400, September, 1963) was essential material for the design of the gears at issue and held that the omission of this standard from the patent disclosure rendered the patent invalid under 35 U.S.C. § 112. In reaching his conclusion that the omitted standard was essential material, the judge observed that since "no interrogatory was requested or submitted to the jury" on this issue, the court was free under Rule 49(a) to make its own fact finding.

C. The Proceedings Before The Court of Appeals

The Court of Appeals for the Federal Circuit cautioned that a trial court is not free to make a specific finding under Rule 49(a) contrary to "an implicit and inherent finding of the jury within a broader question" but could set aside such a finding only if it were not supported by substantial evidence. The Federal Circuit, however, determined that Judge Green's handling of the "essential material" question constituted only a "procedural irregularity" which did not affect the outcome (A-29). The Federal Circuit reviewed the trial record and concluded that it lacked substantial evidence upon which reasonable persons could conclude that the German technical standard was not essential material.

ARGUMENT

Petitioners have framed the "Questions Presented" as involving the standards for deciding a motion for a Judgment Notwithstanding the Verdict. Although the standards applied by trial judges and appellate courts in reviewing a jury's factual determinations are substantially identical, the inquiry here, in view of the Federal Circuit's treatment of this case (affirming the lower court), centers on the role of the Federal Circuit in discharging its appellate review responsibilities. Indeed, Petitioners implicitly recognize this fact as their arguments are directed almost exclusively to the conduct of the Federal Circuit rather than the conduct of the district court.

A careful review of the Federal Circuits' treatment of the present case reveals that the court studiously avoided "reweighing" evidence; assessing witness credibility; or substituting its choice for that of the jury.

I. Reviewing Is Not Reweighing; An Appellate Tribunal Should Comprehensively Review The Entire Record To Assure That The Jury Has Engaged in Rational Decision Making And That The Jury Trial And Due Process Rights Of None Of The Parties Have Been Compromised

Petitioners raise the spectre that the Federal Circuit, in exercising its appellate review function, has deprived Petitioners of their Constitutional right to trial by jury. Petitioners fail to recognize that the role of appellate review in jury cases serves the interests of all parties

by assuring that no party is denied this Seventh Amendment right.

In an attempt to obtain a rehearing of their case by this Court, Petitioners have characterized the Federal Circuit's comprehensive review of the entire trial record as an impermissible "reweighing" of trial evidence. It hardly requires comment that the terms "review" and "reweigh" are not synonymous — a review of the record to confirm the existence or lack of substantial evidence in support of the jury's findings does not constitute a reweighing of that same evidence.

It is difficult to perceive how an appellate court could otherwise discharge its duty to protect the Constitutional interests of all parties if it were proscribed from reviewing all that transpired below. In short, to fail to review is to abdicate this important appellate mandate and to place the fate of the parties, uncritically, into the hands of a lay jury, which does not always act rationally, particularly when the issues are highly technical and complex as is the case here. The substantive rights of the parties are subjected to far greater jeopardy by an unbridled exercise of jury decision making than by the reasoned opinion of reviewing courts. In balancing the competing Constitutional interests of the parties, the appellate court should err, if at all, on the side of greater scrutiny and review. This Court should not discourage appellate tribunals from comprehensively reviewing the record and from declining to summarily "rubber stamp" the proceedings below, however egregious and irrational they may prove.

II. The Federal Circuit Eschewed Reweighing The Evidence; Substituting Its Choice For That Of the Jury; and Determining Credibility of Witnesses

Petitioners' criticism of the Federal Circuit is puzzling in view of the strong deference to jury determinations of fact shown by that court. In reviewing the record on the issue of substantial evidence, the Federal Circuit continued to show its strong deference to the jury by indicating that it would "(1) consider all the evidence; (2) in a light most favorable to the non-mover; (3) drawing reasonable inferences favorable to the non-mover; (4) without determining credibility of witnesses; and (5) without substituting its choice for that of the jury between conflicting elements in the evidence" (A-31). Surely, these standards are in harmony with the standards set forth by this Court and by the various courts of appeals throughout the federal judicial system.

In determining the standards governing the grant or denial of a motion for a judgment N.O.V., the Federal Circuit in the case at bar cited (A-31) its earlier decision in *Connell* v. *Sears, Roebuck & Co.*, 722 F.2d 1542 (1983). In the *Connell* case, the court wrote:

> "Jury verdicts must be treated with great deference. The Seventh Amendment to the Constitution preserves the right to trial by jury in suits of common law and also provides that United States Courts shall not re-examine facts tried by jury except under the rules of common law. With the merger of law and equity, denial of the right in certain types of cases ceased. Permitting the jury to draw legal conclusions based on the jury's fact findings and reached in light of instructions on the law has been preserved as part of the right. The court, although it remains ultimately responsible for upholding the law applicable to the facts found, cannot substitute its view

> for that of the jury when to do so would be an effectual denial of the right to trial by jury.
>
> Deference due a jury's fact findings in a civil case is not so great, however, as to require acceptance of findings where, as here, those findings are clearly and unquestionably not supported by substantial evidence. To so hold would be to render a trial and the submission of evidence a farce" (*Id.* at 1546).

Certainly, the Federal Circuit's standards for the grant or denial of a motion for a judgment N.O.V. comport with decisions of this Court. In this respect, this Court stated in *Continental* v. *Union Carbide,* 370 U.S. 690, 696 (1961), that — "[t]he Court of Appeals was, of course, bound to view the evidence in the light most favorable to Continental [against whom the jury verdict was rendered] and to give it the benefit of all inferences which the evidence fairly supports, even though contrary inferences might reasonably be drawn."

In *Continental* v. *Union Carbide, supra,* this Court quoted (370 U.S. 696, n6) from 5 *Moore's Federal Practice* 2316 (2d Ed., 1951) as follows:

> "In ruling on the motion [for directed verdict] the trial court views the evidence in the light most favorable to the party against whom the motion is made. On appeal, likewise, the appellate court must consider the evidence in its strongest light in favor of the party against whom the motion for directed verdict was made, and must give him the advantage of every fair and reasonable intendment that the evidence can justify."*

---

* Of course, the standards for entering judgment notwithstanding the verdict are the same as the standards for directing a verdict; see 5A *Moore's Federal Practice,* ¶50.02[2], p.50-76.

It is also pointed out in *Moore's* that — "what the cases reveal is not a difficulty of ascertaining a proper standard but a difficulty in applying the standard to the varying facts of the individual cases" (5A *Moore's Federal Practice,* ¶50.02[1], p.50-39.*) In the present case, it is clear the Federal Circuit applied the standard as set forth by this Court in *Continental* and reached the correct result.

Manifestly, the Federal Circuit has no intention of usurping the jury function and will affirm a judgment N.O.V. only where, "after following those [the above] guidelines, the court is convinced upon the record before the jury that reasonable persons could not reach or could not have reached a verdict for the non-mover" (A-31). Equally clear, however, the Federal Circuit has shown that it does not intend to abdicate its appellate responsibilities by rubber stamping jury verdicts without first being satisfied that the verdict is supported by the substantial evidence.

III. The Evidence Considered By The Federal Circuit

To all but eliminate the issues of witness credibility and reweighing of conflicting elements of evidence, the Federal Circuit assumed for the purposes of its review that "the jury wholly discredited the testimony of Skil's experts that the disclosure was not enabling . . ." (A-32). Thus, the court restricted its review to Petitioners' own evidence.

---

* Incidentally, the current edition of *Moore's* contains virtually the same language as that quoted by this Court from the 1951 Edition in *Continental* v. *Union Carbide, supra.* (See 5A *Moore's Federal Practice,* ¶50.02[1], p.50-33, 4 & 5.)

What was considered pivotal by both the trial court and the Federal Circuit was Petitioner Roth's own admission that the omitted and unavailable German DIN specification *was* necessary to the design of the wheel comprising the claimed gear combination (A-32). The jury was obliged to accept the inventor's and Petitioner's own admission, although contrary to his interest. In addition, documentary evidence in the form of letters between Petitioner Roth's own United States and German patent counsel convincingly supported Roth's admission concerning the significance of the omitted reference. (A-20-22, 32-33). Again, reasonable jurors could not conclude that the missing German paper was not essential in the face of this evidence.

Thus, the Federal Circuit had no occasion to determine witness credibility, reweigh evidence, or substitute its own choice for that of the jury. Rather, the appellate court below reviewed the record, disregarding the testimony of Respondent's witnesses, and found that Petitioners' own evidence established the absence of substantial evidence upon which reasonable persons could have reached a verdict for Petitioners.

IV. The Findings Of The Present Jury Are Entitled To Little Or No Weight

One final matter requires comment. Much has been said of the role of the jury, both generally and specifically, in this case. Indeed, it is Petitioners' very contention that they have been deprived of their Constitutional right to a jury trial by reason of the Federal Circuit's affirmance of Judge Green's judgment N.O.V. On the other hand, Respondent has countered by noting that this Constitutional right is a two-way street shared by both

parties and, additionally, must be balanced against any other Constitutional right, that of due process.

Petitioners' claim before this Court is premised upon the critical assumption that the jury, in fact, found for Petitioners on all issues properly submitted to it. Respondent has not, until now, quarreled with this assumption for the reason that whatever was the true character of the jury verdict in this case, it does not affect the judgment as affirmed by the Federal Circuit.

As outlined hereinafter, however, Petitioners' reliance on the jury's fact findings is not well founded. It is all too clear that this jury did not understand the subject matter before it; did not engage in rational decision making; and did not make fact findings on all of the issues submitted to it for resolution, particularly on the very fact issue which was critical to the lower courts legal conclusion that the Roth patent is invalid. Indeed, but for the dispositive treatment of this case by Judge Green and the Federal Circuit under 35 U.S.C. § 112, the case would require remand for retrial because of the jury's role in the present litigation.

The inconsistency and irrationality of the jury's special verdict answers cannot be dismissed as easily as suggested by Judge Green when pointing out that they reflect an overall "intent to return a verdict" for Petitioners (A-11). In this regard, the district court did concede that — "[i]t is true that the jury's answers do not appear entirely consistent" (A-11). To ignore the obvious implications of the jury's irrational responses and grant judgment for Petitioners would constitute a deprivation of Respondent's Constitutional due process and jury trial rights far more egregious than the alleged "reweighing" of evidence by the court below.

Consideration of the jury's response to special verdict No. 1 is all that is required to establish beyond doubt the absence of any reasoned comprehension by the jury in this case. This verdict merely asks the jury to identify which of the listed references comprise part of the scope and content of the prior art applicable to the patented gear combination (A-1). However, the jury found that not a single one of these references was even part of the prior art (A-1). Thus, Judge Green properly concluded that "the jury's failure to find that any of the references listed in Interrogatory #1 were prior art seems inconsistent with the evidence of both parties" (A-11). The Federal Circuit also realized that the jury did not understand the evidence "since it was undisputed that" the references of Special Verdict No. 1 were part of the prior art (A-34). In view of the response to verdict No. 1, a reasonable argument simply cannot be made that this jury understood the issues and engaged in rational, reasoned decision making.

The jury's failure to grasp the elementary concept of Special Verdict No. 1 made it impossible for the jury to engage in a reasoned analysis of a number of the other special verdicts. Special verdict No. 1 is one of the all-important factual predicates under *Graham* v. *Deere*, 383 U.S. 1, to a determination of non-obviousness under 35 U.S.C. § 103. Indeed, special verdict No. 10, the principal "obviousness" special verdict, was jettisoned as "not applicable" (A-4) because of the jury's apparent inability to find any of the patents and publications of verdict No. 1 within the scope and content of the applicable prior art.

The scope and content of the prior art was not the only factual underpinning of obviousness set forth in

Graham that the jury was asked, but unable, to resolve. The jury could not agree on an answer to special verdict No. 2 (A-1,2) which asked the jury to determine the level of ordinary skill in the gear art.

The jury's failure to agree on an answer to special verdict No. 12 casts further doubt on the jury verdict in this case.* As noted by the Federal Circuit, verdict No. 12 "appears to be more precisely directed to enablement" under 35 U.S.C. § 112 (A-3, footnote 8), which was the legal ground for the holding of invalidity! Consequently, Petitioners' reliance on verdict No. 11 as establishing compliance with Section 112 is certainly misplaced. In short, Petitioners never actually had a jury finding or verdict, special or otherwise, in their favor on any of the factual issues underlying the various legal grounds of invalidity and non-infringement, including the very legal ground on which the J.N.O.V. was granted.

CONCLUSION

The Federal Circuit did not, as suggested by Petitioners, engage in a *de novo* "reweighing" of the evidence. Nor did the Federal Circuit undertake to assess the credibility of witnesses or to substitute its choice for that of the jury. To the contrary, the Federal Circuit exhibited great deference to the findings of the jury. In this

* Special verdict No. 12 has not been reproduced correctly as part of the Federal Circuit's opinion (see 747 F.2d 1451) at A-24 of Appendix A to the Petition. On that page, it appears that the jury answered Special Verdict No. 12 as "yes". However, the jury did not answer No. 12 as indicated at A-5 of Appendix A.

connection, the appellate court below engaged in a complete review of the record to verify the absence of substantial evidence to support the jury's limited "findings". By discounting completely Respondent's witnesses and looking only to Petitioners' testimony and documentary evidence, the Federal Circuit properly affirmed the lower court's judgment of invalidity in accordance with settled guidelines of this Court which are followed throughout the federal judicial system.

There is no support for Petitioners' contention that they have been deprived of their Constitutional right to trial by jury and, consequently, the Petition inviting this Court to review these issues, for the fourth time, should be denied.

Respectfully submitted,

CLARENCE J. FLEMING
ROBERT W. SLATER
McDougall, Hersh & Scott
135 South LaSalle Street
Chicago, Illinois 60603
(312) 346-0338
Attorneys for Respondent